

---

August 29, 2002

---



# Financial Management

Implementation of the Data Quality  
Management Control Program for  
the Military Health System  
(D-2002-141)

---

Department of Defense  
Office of the Inspector General

---

*Quality*

*Integrity*

*Accountability*

Report Documentation Page		
<b>Report Date</b> 29 Aug 2002	<b>Report Type</b> N/A	<b>Dates Covered (from... to)</b> -
<b>Title and Subtitle</b> Financial Management: Implementation of the Data Quality Management Control Program for the Military Health System	<b>Contract Number</b>	
	<b>Grant Number</b>	
	<b>Program Element Number</b>	
<b>Author(s)</b>	<b>Project Number</b>	
	<b>Task Number</b>	
	<b>Work Unit Number</b>	
<b>Performing Organization Name(s) and Address(es)</b> OAIG-AUD (ATTN: AFTS Audit Suggestions) Inspector General, Department of Defense 400 Army Navy Drive (Room 801) Arlington, VA 22202-2884	<b>Performing Organization Report Number</b> D-2002-141	
<b>Sponsoring/Monitoring Agency Name(s) and Address(es)</b>	<b>Sponsor/Monitor's Acronym(s)</b>	
	<b>Sponsor/Monitor's Report Number(s)</b>	
<b>Distribution/Availability Statement</b> Approved for public release, distribution unlimited		
<b>Supplementary Notes</b>		
<b>Abstract</b>		
<b>Subject Terms</b>		
<b>Report Classification</b> unclassified	<b>Classification of this page</b> unclassified	
<b>Classification of Abstract</b> unclassified	<b>Limitation of Abstract</b> UU	
<b>Number of Pages</b> 27		

### **Additional Copies**

To obtain additional copies of this report, visit the Web site of the Inspector General of the Department of Defense at [www.dodig.osd.mil/audit/reports](http://www.dodig.osd.mil/audit/reports) or contact the Secondary Reports Distribution Unit of the Audit Followup and Technical Support Directorate at (703) 604-8937 (DSN 664-8937) or fax (703) 604-8932.

### **Suggestions for Future Audits**

To suggest ideas for or to request future audits, contact the Audit Followup and Technical Support Directorate at (703) 604-8940 (DSN 664-8940) or fax (703) 604-8932. Ideas and requests can also be mailed to:

OAIG-AUD (ATTN: AFTS Audit Suggestions)  
Inspector General of the Department of Defense  
400 Army Navy Drive (Room 801)  
Arlington, VA 22202-4704

### **Defense Hotline**

To report fraud, waste, or abuse, contact the Defense Hotline by calling (800) 424-9098; by sending an electronic message to [Hotline@dodig.osd.mil](mailto:Hotline@dodig.osd.mil); or by writing to the Defense Hotline, The Pentagon, Washington, DC 20301-1900. The identity of each writer and caller is fully protected.

### **Acronyms**

ASD(HA)	Assistant Secretary of Defense (Health Affairs)
DQMCP	Data Quality Management Control Program
MRHB	Military Retirement Health Benefits
MTF	Military Treatment Facility
TMA	Tricare Management Activity
TOPS	Tricare Operational Performance Statements



INSPECTOR GENERAL  
DEPARTMENT OF DEFENSE  
400 ARMY NAVY DRIVE  
ARLINGTON, VIRGINIA 22202-4704

August 29, 2002

MEMORANDUM FOR ASSISTANT SECRETARY OF DEFENSE (HEALTH  
AFFAIRS)

SUBJECT: Report on the Implementation of the Data Quality Management Control  
Program for the Military Health System (Report No. D-2002-141)

We are providing this report for your information and use. We conducted the audit in response to the Chief Financial Officers Act of 1990 and the Federal Financial Management Act of 1994. We considered management comments on a draft of this report when preparing the final report. The Assistant Secretary of Defense (Health Affairs) comments conformed to the requirements of DoD Directive 7650.3; therefore, additional comments are not required.

We appreciate the courtesies extended to the audit staff. For additional information on this report, please contact Mr. David F. Vincent at (703) 604-9109 (DSN 664-9109) (dvincent@dodig.osd.mil) or Mr. Walter R. Loder at (703) 604-9636 (DSN 664-9636) (wloder@dodig.osd.mil). See Appendix C for the report distribution. The team members are listed inside the back cover.

David K. Steensma  
Deputy Assistant Inspector General  
for Auditing

# Office of the Inspector General of the Department of Defense

D-2002-141

August 29, 2002

(Project No. D2001FA-0097)

## Implementation of the Data Quality Management Control Program for the Military Health System

### Executive Summary

**Who Should Read This Report and Why?** DoD health care managers should read this report. Military health care data is used for a variety of critical purposes, including managing patient care, determining the optimal health care system, and for financial management. These managers can directly impact the quality of the data collected.

**Background.** The audit was performed in support of Public Law 101-576, the “Chief Financial Officers Act of 1990,” and Public Law 103-356, the “Federal Financial Management Act of 1994.” This audit supports our annual auditing of the DoD Military Retirement Health Benefits Liability and DoD Agency-Wide Financial Statements. The DoD Office of the Actuary calculated the military retirement health benefits liability at \$192.4 billion on the FY 2000 DoD Agency-Wide Financial Statements. The liability has tripled to more than \$580 billion with the implementation of the National Defense Authorization Act for FY 2001, which extends medical benefits to military retirees who are medicare-eligible. This calculation relied significantly on health care inpatient and outpatient workload data compiled from the military treatment facilities and purchased care providers.

**Results.** The military treatment facilities visited did not fully implement the November 29, 2000, Assistant Secretary of Defense (Health Affairs) policy guidance for the Data Quality Management Control Program. The facilities did not adequately prepare or complete the Data Quality Management Control Review List and the Data Quality Statement. Although the Surgeons General were briefed on the results of the program, they had not emphasized training of personnel in the facilities in order to ensure data accuracy and standardization. Tricare Management Activity needs to adequately implement the Data Quality Management Control Program by initiating a DoD Instruction for program guidance. Then, if the Surgeons General monitor the program and provide training to the program participants, the program should provide the controls needed to ensure that medical provider data are timely and accurate. See the Finding section for details on the recommendations.

**Management Comments.** The Assistant Secretary of Defense (Health Affairs) concurred with the recommendations; and stated that guidance was issued to improve monitoring and compliance with the goals of improved data quality. Reviews of data quality were initiated, a Data Quality Working Group was established, the class length for the Data Quality Management Control Program was increased, and a draft DoD Instruction on the Data Quality Management Program was in coordination. Three major changes to improve compliance with the program were revisions to the review list and data quality commander’s statement, reporting Military Retirement Trust Fund level of performance, and inclusion of the Data Quality Management Control Program into Service Medical Inspector General and Audit Agency Compliance Program. Additional comments are not required. See the finding section for a discussion of management comments and the Management comments section for the complete text of the comments.

# Table of Contents

---

<b>Executive Summary</b>	i
<b>Background</b>	1
<b>Objectives</b>	3
<b>Finding</b>	
Data Quality Management Control Program for the Military Health System	4
<b>Appendixes</b>	
A. Scope and Methodology	11
Prior Coverage	12
B. Data Quality Management Control Program Flowchart	13
C. Report Distribution	14
<b>Management Comments</b>	
Assistant Secretary of Defense (Health Affairs)	17

---

## Background

**Financial Statement Requirement.** Public Law 101-576, the “Chief Financial Officers Act of 1990,” November 15, 1990, as amended by Public Law 103-356, the “Federal Financial Management Act of 1994,” October 13, 1994, requires DoD to prepare annual audited financial statements. The FY 2000 DoD Agency-Wide Financial Statements include financial statements for a reporting entity titled “Other Defense Organizations-General Funds.” The Office of Management and Budget Bulletin No. 01-09, “Form and Content of Agency Financial Statements,” September 25, 2001, outlines guidance for reporting pensions, other retirement benefits, and other post-employment benefits.

**Military Retirement Health Benefits Liability.** One of the major components of the Other Defense Organizations Nonfederal Liabilities not covered by budgetary resources is the Military Retirement Health Benefits (MRHB) Liability. The calculation of the medical treatment facility portion of the MRHB Liability requires extraction of workload, cost, and demographic data from multiple databases within the Military Healthcare System and DoD. Data were also extracted from the Composite Health Care System, Medical Expense Performance Reporting System, and the Defense Enrollment & Eligibility Reporting System. Purchased care workload is measured by using the Government share of the health care episode or prescription cost. The MRHB Liability estimate relies significantly on the military treatment facility (MTF) expense, reported by the Medical Expense Performance Reporting System. The Composite Health Care System provides outpatient workload data to the MRHB Liability. The military treatment facility workload data are then extracted from the Composite Health Care System. The DoD Office of the Actuary calculated the MRHB Liability as \$192.4 billion on the DoD Agency-Wide FY 2000 Financial Statements. It is projected that the Military Retirement Health Benefit Liability has more than tripled to \$580 billion with the implementation of the National Defense Authorization Act for FY 2001, which extends medical benefits to military retirees who are medicare eligible.

**Prior Audit Recommendation.** The Inspector General of the Department of Defense Report No. 99-127, “Data Supporting the FY 1998 DoD Military Retirement Health Benefits Liability Estimate,” April 7, 1999, determined that the military treatment facility workload data were unreliable. The report also stated that the failure to verify the accuracy of the workload data used to calculate the MRHB Liability would constitute a significant impediment in achieving unqualified opinions on both DoD and Government-Wide Financial Statements. Additionally, the report recommended that the Assistant Secretary of Defense (Health Affairs) (ASD[HA]) develop and implement a data quality assurance program. In response to the audit recommendation, the ASD(HA) developed the Data Quality Management Control Program instituted by the November 29, 2000, Policy Memorandum.

---

**Data Quality.** An integral part of performance measurement for the military health system is data quality. To provide the right information to the right people at the right time requires accurate, timely, and complete data. The military health system cost and workload reporting systems provide data that are used for the following reasons:

- making health care policy decisions,
- preparing cost allocations,
- negotiating with managed care support contractors,
- establishing billing rates,
- justifying expenditures and budgets, and
- supporting third party collection and medicare subvention initiatives.

**Data Quality Management Control Program.** The ASD(HA) FY 2000 Annual Statement of Assurance identified military health system data quality management controls as a material control weakness. The ASD(HA) Policy Memorandum, "Data Quality Management Control Program," dated November 29, 2000, establishes the Data Quality Management Control Program (DQMCP) for the military health system. The DQMCP was developed by Tri-Service working groups with the objective of improving the overall quality of MTF financial and clinical workload data. The program requires command oversight to improve the submission of data and to assure the uniformity and standardization of the information across the Military Health System. The policy memorandum recommends the following reporting organizational structure.

- The MTFs are to complete the monthly Data Quality Management Control Review List, brief the MTF Executive Committee, and forward the monthly Commander's Statement with the commander's signature.
- The Service data quality managers are to identify data quality deficiencies and recommend corrective action, brief the Military Department Surgeons General, and forward data quality deficiencies and findings with corrective actions proposed.
- The Tricare Management Activity should subsequently develop metrics to correct and improve data quality, brief Deputy Surgeons General, and present metrics of results and findings.

The ASD(HA) provides the Annual Statement of Assurance, which includes the DQMCP, to the Secretary of Defense. The program was designed as part of the overall management control program for the military health system. The DoD data quality characteristic and conformance measures are accuracy, completeness, consistency, timeliness, uniqueness, and validity. See Appendix B for the DQMCP flowchart.



---

**Tricare Management Activity (TMA) Responsibility.** DoD Directive 5136.12, “Tricare Management Activity,” dated May 31, 2001, states that the Director, TMA, under the authority, direction, and control of the ASD(HA), shall manage the execution of policy in the administration of all DoD medical and dental programs. TMA issues program direction for the execution of policy within the DoD military health system to the Surgeons General of the Army, Navy, and Air Force. For the DQMCP, the TMA Resource Management Office collects the consolidated data from the Services, disseminates the data, and produces periodic reports. TMA Resource Management Office is also responsible for compiling information from the Commanders’ Statements signed by the MTF Commanders and corresponding data metrics to measure program performance. The TMA Resource Management Office monitors the metrics to improve data quality and to implement MTF-level reporting and audit oversight. TMA compiles metrics submitted by the three Services, then submits the results to each of the surgeon general resource managers and to the Deputy Surgeons General.

## Objectives

The objective of the audit was to determine whether the MTFs, the Surgeons General, and the TMA had implemented the Data Quality Management Control Program for the military health system. Specifically, we determined whether the policies and procedures described in the November 29, 2000, policy memorandum, “Data Quality Management Control Program,” issued by the ASD(HA) were implemented.

---

# Data Quality Management Control Program for the Military Health System

Military treatment facilities did not fully implement the November 29, 2000, ASD(HA) policy guidance for the DQMCP. Specifically, the three military treatment facilities visited did not adequately prepare or complete the Data Quality Management Control Review List and the Data Quality Statement. This occurred because the ASD(HA) did not provide adequate program implementing guidance to initiate the program; the Surgeons General of the Military Departments did not provide specific training to implement the DQMCP; and the TMA did not adequately develop metrics to monitor program results. As a result, there are still concerns about the data used to support the Military Retirement Health Benefit Liability Estimate, which will impact DoD decision making.

## Data Quality Program Requirements

The ASD(HA) policy memorandum, dated November 29, 2000, establishes the elements for the DQMCP for the military health system. The elements include the following 10 steps.

**Military Treatment Facility Responsibilities.** Steps 1 through 3 state that each MTF will designate a data quality manager and a data quality assurance team who will complete the monthly Data Quality Management Control Review List (Review List) and Commander's monthly Data Quality Statement. The Review List is a multiple item questionnaire used as an internal tool to assist in identifying and correcting financial and clinical workload data problems. The completed Review List provides information for the completion of the Commander's monthly Data Quality Statement (Commander's Statement). The Commander's Statement acknowledges responsibility for the financial and clinical workload data reported from his or her respective MTF. Once the Review List is completed, the MTF data quality manager briefs the results to each MTF executive committee. Each MTF Commander will chair the executive committee for that facility and will review, sign, and forward the Commander's Statement to the Service data quality manager.

**Military Surgeons General Responsibilities.** Steps 4 through 6 state that the Commanders' Statements are analyzed by the Service data quality manager, who will then identify the overall data quality deficiencies and propose corrective actions. The Service data quality manager briefs the Military Department's Surgeon General on the data quality deficiencies and proposed corrective actions. The Service data quality manager then forwards data quality deficiencies and proposed corrective actions to the resource management steering committee through the management control program office in TMA Resource Management. The resource management steering committee is the biweekly meeting of Service budget representatives to discuss issues and concerns on the Defense Health

---

Program Budget. Data quality is a critical part of this process due to the fact that inaccurate data results in inaccurate reports and possible loss of funds.

**Tricare Management Activity Responsibilities.** Steps 7 through 10 establish the TMA Resource Management Office's responsibility for developing metrics to measure performance of the DQMCP. Metrics from the DQMCP will be reported in Tricare Operational Performance Statements (TOPS). TOPS is both a statement and an evaluation tool providing a snapshot of the performance of the military health system. As a statement, it establishes a historical record of performance that can be used to identify long-term trends in performance. As an evaluation tool, it is a compendium of routine analyses conducted by the TMA Office of Health Program Analysis and Evaluation in its routine surveillance of the military health system. Metrics from the DQMCP will be presented in briefings to the Deputy Surgeons General. The ASD(HA) will provide an Annual Statement of Assurance to the Secretary of Defense regarding the status of the DQMCP. Appendix B is a DQMCP flowchart.

## MTF Program Implementation

Two of the three MTFs visited had attempted to prepare the Review List and the Commander's Statement, however inconsistent interpretation of the guidance caused incorrect responses. The following table summarizes the degree to which the lists were inaccurate.

MTF Incorrect Responses		
Military Treatment Facility	Commander's Statement (8 questions total)	Review List (47 questions total)
Brooke Army Medical Center	3 (37.5 percent)	8 (17.0 percent)
Naval Medical Center Portsmouth	6 (75.0 percent)	Not prepared by MTF
Wilford Hall Medical Center	5 (62.5 percent)	19 (40.4 percent)

At each MTF visited, the Commander's Statement and Review List had numerous incorrect responses. Additional incorrect answers may still be unaccounted for because we could not determine the accuracy of all answers due to insufficient supporting documentation. As a result, TMA and the Surgeons General will not have accurate information to make sound business decisions for improving data quality. The findings for each MTF visited follow.

**Brooke Army Medical Center.** The Data Quality Manager and the Data Quality Assurance Team for Brooke Army Medical Center did not adequately prepare the Review List and the Commander's Statement. Brooke Army Medical Center had complied with the steps prescribed by the November 29, 2000, policy memorandum, however, they answered 8 of 47 Review List questions incorrectly.

---

For example, question number 1 on the Commander's Statement and the corresponding question, B.7, on the Review List were designed to track adherence to requirements for daily end-of-day processing procedures. Army reworded the question on the Brooke Medical Center Review List to ask, "Does your policy support the adherence to requirements for daily end-of-day processing procedures by all clinics?" The interpretation significantly shifts the focus from procedural adherence to having a policy supporting adherence. Further, according to Brooke Army Medical Center personnel, no formal written procedures had been prescribed for end-of-day processing procedures at Brooke Army Medical Center. Therefore, the answer to the question as reworded should have been "No" but it was answered "Yes."

**Wilford Hall Medical Center.** While Wilford Hall Medical Center complied with Steps 1 through 3 of the DQMCP for the February 2001 reporting period, they did not adequately prepare the Review List and the Commander's Statement (Program Step 1). The Review List and the Commander's Statement had numerous incorrect responses, which could not be properly validated because of the lack of supporting documentation. For example, Commander's Statement question number 6 and Review List question C.17, which call for completions of monthly financial and workload reconciliation's of Military Expense Performance Reporting System, were answered "Yes" when evidence showed that the answers should have been "No." Additional incorrect answers may still be unaccounted for because we could not determine the accuracy of all answers due to the lack of supporting documentation. When supporting documentation was requested, the Data Quality Assurance Team stated that there was not a requirement to retain supporting documentation.

**Naval Medical Center Portsmouth.** Naval Medical Center Portsmouth did not fully implement the Data Quality Management Control Program and did not complete the Data Quality Control Review List as required by the ASD(HA) policy memorandum of November 29, 2000. Although the Data Quality Assurance Team met monthly, they struggled with interpretation issues and subsequently submitted information that was incorrect. As previously stated the Review List was not completed and 75 percent of the responses to the Commander's Statement were incorrect. The estimated date to begin completion of the Review List was July 2001.

## Surgeon General Program Implementation

Although the Surgeons General of the Military Departments and TMA complied with the applicable steps in the DQMCP, neither provided specific training to implement the program to ensure standardized collection of data and accuracy of the data submitted by MTF. Training for each MTF staff member is normally conducted at the MTF or at the Service-level and is funded by the Military Departments. The policy memorandum did not include a training requirement. TMA does include the DQMCP in a three-day training course that is conducted quarterly. Initially, however, the three-day course devoted only one hour to the Review List and Commander's Statement. TMA has since enhanced the three-

---

day training course to allot up to three hours to teaching the Review List and the Commander's Statement. At each MTF visited, the data quality assurance team struggled with interpretation issues. Training would eliminate interpretation issues thus creating more standardized results for the Review List and Commander's Statement.

## **TMA Program Implementation and Followup**

The ASD(HA) policy memorandum of November 29, 2000, did not provide adequate implementing guidance for the TMA, the Surgeons General, and each MTF to initiate and monitor the program. Specifically, the guidance did not include the following:

- a system for monitoring the implementation of the program and the accuracy of answers to the Review List and Commander's Statement questions,
- standardized procedures for completing the questions on the Review List, and a requirement for retaining supporting documentation, and
- a detailed process for documenting and tracking the accomplishment of corrective actions, and metrics for monitoring the results of the program.

**Program Monitoring.** The TMA previously did not have an adequate monitoring system in place to ensure that the DQMCP was fully implemented. Specifically, TMA did not monitor all Review Lists completed by each MTF and the accuracy of the answers. Without actively monitoring the implementation and compliance of the data quality program and the accuracy of the data in the metrics, TMA will receive unreliable data. TMA receives, assimilates, and reviews data from the Services and tracks the results of compliance within the data metrics. TMA issued a policy memorandum dated October 17, 2001, revising the Review List and the Commander's Statement. The changes request that two additional Data Quality Management Control measures be adopted by the Services to allow TMA better oversight of data quality reporting and monitoring. However, since December 2001, each Service Inspector General has been required to conduct data quality audits for compliance with TMA data quality program guidance. Since December 2001, the Service data quality managers in each MTF have submitted performance reports directly to TMA in order to allow TMA to better monitor the DQMCP. Without monitoring the implementation of the program and the accuracy of the answers, TMA could receive unreliable data. Also, military health system data quality management controls will continue to be reported in the DoD Annual Statement of Assurance as a material weakness.

**Standardized Procedures.** At each MTF visited, the data quality assurance team used different procedures to answer the same questions. For example, to answer question C.12.A, which required a random review of outpatient appointments, one MTF used an existing report and did not sample any records. This MTF reported that 24 percent of the outpatient medical records could not be located. A second

---

MTF used a sample of 32 records selected from only one of more than 70 clinics. This second MTF reported that 78 percent of the records could not be located. Available guidance did not specify how a random sample should be conducted. This use of inconsistent sampling methods resulted in data that cannot be used for comparison. Support documentation was not available to validate most of the responses in the Review List or Commander's Statement at any of the three MTFs visited. When supporting documentation was requested, data quality assurance teams stated that there was not a requirement to retain supporting documentation. Specific answers to questions on the Review List and Commander's Statements were not supported at two of the three MTFs visited. The Review List was not completed at the third MTF. An audit trail would assist all levels of management in ensuring that questions were answered accurately and consistently. In response to audit efforts, TMA issued a policy memorandum on October 17, 2001. The memorandum revises the Review List and the Commander's Statement, and initiates military treatment facility-level reporting to TMA beginning December 2001. The new guidance states that, for tracking purposes, the completed forms and accompanying working papers must be kept on file for five years. The policy memorandum of October 17, 2001, also includes the Data Quality Management Control Program in each Service's Medical Inspector General compliance program.

**Metric Development.** TMA previously did not establish metrics for measuring program effectiveness. TMA was responsible for developing metrics to measure the results of the program and for posting the metrics on the TMA data quality web site. At the time of our review, TMA had not determined the specific metrics for the data quality program. Management stated they were waiting for initial results before deciding on appropriate metrics. We believe performance measures should be determined in advance of program implementation in order to establish management expectations and goals. TMA was unable to provide the Surgeons General and each MTF with adequate feedback on the condition of data quality without the appropriate metrics. As of October 16, 2001, TMA had developed a series of metrics to measure the effectiveness of the Services' documentation of data quality. In December 2001, the TMA began receiving monthly updated metrics performance data from each individual MTF. The TMA plans to discuss the results with the Data Quality Management Control Workgroup, which includes representatives from TMA and the services. However, the metrics are not currently posted in the TOPS on the TMA Website.

**Tracking Corrective Actions.** Each MTF is responsible for identifying data quality deficiencies and proposing corrective actions. However, the policy memorandum of November 29, 2000, does not establish a systematic process to document that corrective actions have been taken. Without tracking the accomplishment of corrective actions, management will not be aware of any resolution to the deficiencies in data quality. The policy memorandum of October 17, 2001, initiated reporting MTF-level performance to TMA by the Service data quality managers beginning with the December 2001 reporting period. This reporting will allow TMA better oversight of DQMCP issues and improve the reporting and monitoring of the DQMCP overall.

---

## **DQMCP Guidance**

As previously stated, the November 29, 2000, ASD(HA) policy memorandum, “Data Quality Management Control Program,” was issued for the purpose of implementing the DQMCP. The original policy memorandum fits the criteria for a directive-type memorandum as explained by DoD Directive 5025.1, “DoD Directives System,” dated July 27, 2000. DoD Directive 5025.1 states that a directive-type memorandum issued by the Secretary or Deputy Secretary of Defense, which because of time constraints cannot be published in the DoD Directives System at the time of signature, must be converted into a DoD Instruction within 180 days of signature. TMA and ASD(HA) did not comply with this Directive. TMA has issued a second policy memorandum dated October 17, 2001, revising the Review List and the Commander’s Statement. The second policy memorandum revises the Review Lists and provides additional DQMCP measures to be adopted. However, the second policy does not supersede the first, and both were issued after July 27, 2000. Therefore, in accordance with DoD Directive 5025.1, the policy should have been converted into a DoD Instruction by January 28, 2001. A DoD Instruction is a policy document containing what is required by legislation or the Secretary of Defense to initiate, govern, or regulate actions by DoD Components within their specific areas of responsibility. A DoD Instruction will regulate and ensure the implementation of the DQMCP.

## **Effects on Data Quality Management Control Program**

The Review Lists and Commander’s Statements at each MTF visited were inaccurate and without support documentation to validate responses. As a result, TMA was provided with incorrect and incomplete data for decision making on improving data quality. If corrective actions are not taken, the quality of the data will not improve. Specifically, financial and workload data used for important management decisions, such as cost allocation and cost finding, will remain inaccurate. As a result, DoD will not be able to make sound management decisions, the MRHB Liability estimate will continue to be unreliable and military health system data quality management controls will continue to be reported as a material weakness in the DoD Annual Statement of Assurance.

---

## **Recommendations, Management Comments, and Audit Response**

**1. We recommend that the TRICARE Management Activity provide implementing guidance to initiate and monitor the Data Quality Management Control Program. The guidance should include:**

- a. a system for monitoring the implementation of the program and the accuracy of answers to the Review List and Commander's Statement,**
- b. standardized procedures for completing the questions on the Review List,**
- c. a requirement for retaining supporting documentation,**
- d. a Service-Wide detailed process for documenting and tracking the accomplishment of corrective actions, and**
- e. metrics for measuring program performance.**

**Management Comments.** The TRICARE Management Activity concurred with the recommendation. The Office of the Assistant Secretary of Defense (Health Affairs) requested that the Services add the Data Quality Management Control Program to their Service's Medical IG and/or Audit Agency compliance program and is requiring that Military Treatment Facilities' level of performance be reported to TRICARE Management Activity. The Assistant Secretary also requested that each Service develop a uniform "Desk Guide" that supports and augments uniformity in use of the Review List and Commander's Statement. Documentation supporting the Review List and Commander's Statement will be kept on file for 5 years. In addition, systemic issues and Service-wide facility-level issues identified in the monthly Review List and Commander's Statement submissions will be discussed, documented, and tracked at periodic TRICARE Management Activity Data Quality meetings. Metrics will be incorporated and used by TRICARE Management Activity to measure program performance.

**2. We recommend that the TRICARE Management Activity comply with DoD Directive 5025.1, "DoD Directive System," and convert the policy memorandum of November 29, 2000, and all subsequent policy memorandums on the implementation of the Data Quality Management Control Program into a DoD Directive.**

**Management Comments.** TRICARE Management Activity concurred with the recommendation. TRICARE Management Activity submitted a Department of Defense Instruction for signature by the Assistant Secretary of Defense (Health Affairs). Future memos concerning the Data Quality Management Control Program will be incorporated into the existing Department of Defense Instruction on a periodic basis.



---

**3. We recommend that the Surgeons General of the Military Departments:**

- a. monitor the compliance with and execution of the policies and procedures described in the November 29, 2000, policy memorandum, "Data Quality Management Control Program," issued by the Assistant Secretary of Defense (Health Affairs); and**
- b. provide specific training to program participants that will secure compliance.**

**Management Comments.** TRICARE Management Activity concurred with the recommendation. The Office of the Assistant Secretary of Defense, Health Affairs outlined major changes in the Data Quality Management Control Program to improve military treatment facilities' compliance with the program. These include:

- changes in the Review List and Data Quality Commander's Statement,
- reporting Military Treatment Facility-level performance to TRICARE Management Activity, and
- inclusion of the Data Quality Management Control Program into the Services' Medical IG and/or Audit Agency compliance programs.

In addition, the portion of the quarterly TRICARE Management Activity Data Quality Training course that is specifically devoted to Data Quality Management Control Program instruction for data quality personnel has been increased from 45 minutes to 3 hours.

**4. We recommend that the military treatment facilities comply with the policy memorandum guidance pertaining to the Data Quality Management Control Program by accurately completing the Data Quality Management Control Review List and the Data Quality Statement.**

**Management Comments.** TRICARE Management Activity concurred with the recommendation. The Office of the Assistant Secretary of Defense (Health Affairs) outlined major changes in the Data Quality Management Control Program, which should improve military treatment facilities' compliance with the program.

---

## Appendix A. Scope and Methodology

### Scope

**Work Performed.** This audit focused on implementation of DQMCP for the military health system. Specifically, we reviewed MTF implementation of the program to determine whether the policies and procedures described in the November 29, 2000, policy memorandum, “Data Quality Management Control Program,” issued by the ASD(HA) were implemented. We visited TMA and Office of the Surgeon General for each Service to review their roles in implementing the program.

We conducted our audit at the following DoD MTF sites:

- Brooke Army Medical Center, San Antonio, Texas;
- Wilford Hall Medical Center, San Antonio, Texas; and
- Portsmouth Naval Medical Center, Portsmouth, Virginia.

Of the 143 DoD MTFs, we judgmentally selected those three for review from May 2001 to January 2002 to provide audit coverage for each of the Military Departments. The three MTFs were also judgmentally selected because of the material volume of outpatient visits at those facilities. According to the ASD(HA), the three MTFs we visited reported a total of 3.2 million outpatient visits (10 percent) out of the 32.4 million outpatient visits reported for 143 MTFs worldwide in FY 2000.

At each MTF visited, we reviewed procedures for implementing the DQMCP. Specifically, we reviewed procedures for completing the Data Quality Management Control Review List and the Commander’s Statement.

**General Accounting Office High-Risk Area.** The General Accounting Office has identified several high-risk areas in the DoD. This report provides coverage of the Defense Financial Management high-risk area.

### Methodology

**Use of Computer-Processed Data.** We relied on computer-processed data to determine whether the DQMCP for the military health system was implemented. Specifically, we relied on workload data outputs that we could find to support documentation for the answers given to questions on the Data Quality Management Control Review List and the Data Quality Statement at each MTF. We did not validate the reliability of the computer-processed data because we limited our use of the data to specific questions so that we could determine the

---

adequacy of the implementation of the DQMCP at each MTF visited. However, not validating the reliability of MTF computer-processed data did not materially affect the results of the audit.

**Audit Dates and Standards.** We performed this audit from April 2001 to March 2002 in accordance with generally accepted government auditing standards.

**Contacts During the Audit.** We visited or contacted organizations within DoD. Further details are available on request.

## Prior Coverage

The General Accounting Office and the Inspector General of the Department of Defense (IG DoD) have conducted multiple reviews related to financial statement issues. General Accounting Office reports can be accessed on the Internet at <http://www.gao.gov>. IG DoD reports can be accessed on the Internet at <http://www.dodig.osd.mil/audit/reports>. The IG DoD has issued four reports on the military retirement health benefits liability estimate and a report on the Defense Enrollment Eligibility Reporting System database.

## Inspector General of the Department of Defense

IG DoD Report No. D-2001-154, "Beneficiary Data Supporting the DoD Military Retirement Health Benefits Liability Estimate," July 5, 2001

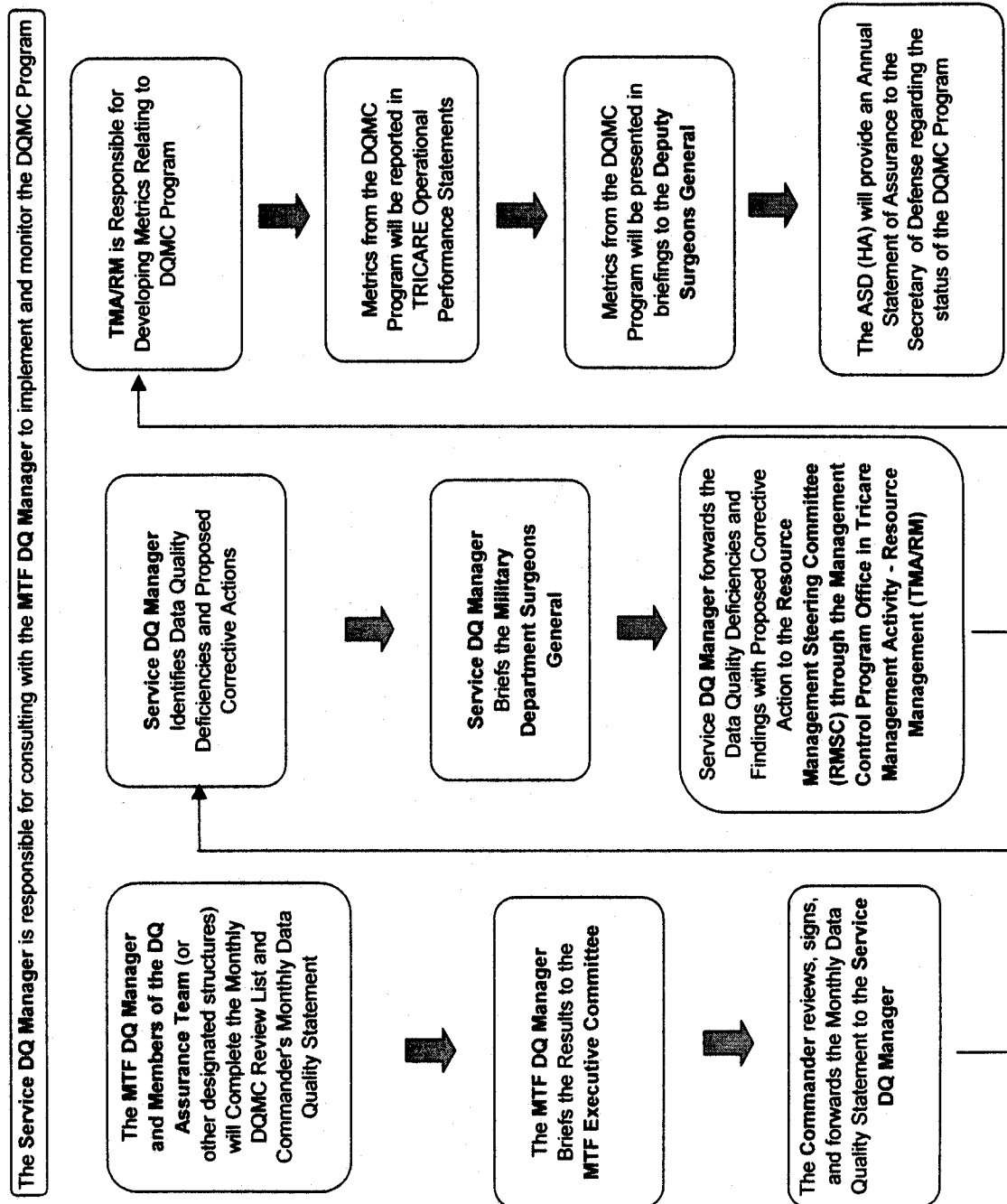
IG DoD Report No. D-2000-194, "Demographic Data Supporting the DoD Military Retirement Health Benefits Liability Estimate," September 29, 2000

IG DoD Report No. D-2000-090, "Inpatient Data Supporting the DoD Military Retirement Health Benefits Liability Estimate," March 1, 2000

IG DoD Report No. CIPO2000S001, "Evaluation of the Criminal Investigative Environment in which the Defense Enrollment Eligibility Reporting System Operates," January 7, 2000

IG DoD Report No. 99-127, "Data Supporting the FY 1998 DoD Military Retirement Health Benefits Liability Estimate," April 7, 1999

## Appendix B. Data Quality Management Control Program Flowchart



---

## **Appendix C. Report Distribution**

### **Office of the Secretary of Defense**

Under Secretary of Defense (Comptroller)/Chief Financial Officer  
Deputy Chief Financial Officer  
Deputy Comptroller (Program/Budget)  
Under Secretary of Defense for Personnel and Readiness  
Assistant Secretary of Defense (Health Affairs)

### **Department of the Army**

Assistant Secretary of the Army (Financial Management and Comptroller)  
Surgeon General, Department of the Army  
Auditor General, Department of the Army

### **Department of the Navy**

Naval Inspector General  
Surgeon General, Department of the Navy  
Auditor General, Department of the Navy

### **Department of the Air Force**

Assistant Secretary of the Air Force (Financial Management and Comptroller)  
Surgeon General, Department of the Air Force  
Auditor General, Department of the Air Force

### **Non-Defense Federal Organization**

Office of Management and Budget

### **Congressional Committees and Subcommittees, Chairman and Ranking Minority Member**

Senate Committee on Appropriations  
Senate Subcommittee on Defense, Committee on Appropriations  
Senate Committee on Armed Services  
Senate Committee on Governmental Affairs  
House Committee on Appropriations  
House Subcommittee on Defense, Committee on Appropriations  
House Committee on Armed Services  
House Committee on Government Reform

---

## **Congressional Committees and Subcommittees, Chairman and Ranking Minority Member (cont'd)**

House Subcommittee on Government Efficiency, Financial Management, and Intergovernmental Relations, Committee on Government Reform

House Subcommittee on National Security, Veterans Affairs, and International Relations, Committee on Government Reform

House Subcommittee on Technology and Procurement Policy, Committee on Government Reform

# Assistant Secretary of Defense (Health Affairs) Comments



HEALTH AFFAIRS

THE ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, D. C. 20301-1200

MAY 31 2002

MEMORANDUM FOR DIRECTOR, FINANCE AND ACCOUNTING DIRECTORATE  
DEPARTMENT OF DEFENSE INSPECTOR GENERAL

SUBJECT: Draft Report on Audit "Implementation of the Data Quality Management Control Program for the Military Health System" (Project No. D2001FA-0097)

Thank you for the opportunity to review and provide comments on the draft report "Implementation of the Data Quality Management Control Program for the Military Health System."

Overall, we agree with the findings and recommendations contained in the draft report to help strengthen the Military Health System's Data Quality Management Control Program. Attached are our comments on the discussion draft and responses to the recommendations.

Please feel free to direct any questions to my project officers on this effort, Mr. Terry Byce (Functional) at (703) 681-6918 and Mr. Gunther J. Zimmerman (GAO/IG Liaison) at (703) 681-7889.

A handwritten signature in cursive script that reads "William Winkenwerder, Jr.".

William Winkenwerder, Jr., MD

Attachment:  
As stated

**DoD IG DRAFT REPORT – DATED APRIL 1, 2002  
(D2001FA-0097)**

**Agency Comments on Draft Report, “Implementation of the Data Quality Management  
Control Program for the Military Health System”**

**DEPARTMENT OF DEFENSE COMMENTS**

**RECOMMENDATION 1:** We recommend that the TRICARE Management Activity provide implementing guidance to initiate and monitor the Data Quality Management Control Program. The guidance should include:

- a. A system for monitoring the implementation of the program and accuracy of answers to the Review List and Commander’s Statement,
- b. Standardized procedures for completing the questions on the Review List,
- c. A requirement for retaining supporting documentation,
- d. A Service-wide detailed process for documenting and tracking the accomplishment of corrective actions, and
- e. Metrics for measuring program performance.

**DoD RESPONSE:** The following is the TRICARE response to paragraphs a-e in Recommendation 1:

- a. The TRICARE Management Activity (TMA) concurs with this recommendation. As stated above in the subject report, the October 17, 2001 Data Quality Memorandum signed by Mr. Carrato requests that the Services add the DQMC Program to their Service’s Medical IG and/or Audit Agency compliance program along with requiring the reporting of MTF level of performance to TMA. This will greatly improve the reporting and monitoring of this important program. The results of these Service initiated audits/reviews will be discussed at the monthly Data Management Control Work Group meetings.
- b. The TRICARE Management Activity (TMA) concurs with this recommendation. As stated above in the subject report, the October 17, 2001 Data Quality Memorandum signed by Mr. Carrato outlined the changes in the Review List and the Data Quality Commander’s Statement which affect this line item. The Review List was reduced in size from 47 questions to 29 questions. The Data Quality Commander’s Statement was reduced from 8 questions to 7. Each Service also has developed a “Desk Guide” that supports and augments the use of the Review List and Commander’s Statement. This guide is shared with the other Services and their Data Quality POCs to insure uniform guidance and standards. Another aspect of our response to this question is addressed in the response to Recommendation 3b concerning training. Our goal in DQMC training is to issue a coordinated, integrated, multi-Service response to Data Quality issues concerning the Review List and Commander’s Statement not only in the training provided but also in the responses provided to questions from the attendees.



- c. The TRICARE Management Activity (TMA) concurs with this recommendation. As stated above in the subject report, the October 17, 2001 Data Quality Memorandum signed by Mr. Carrato outlined the changes in the Review List and the Data Quality Commander's Statement which affect this line item. The completed forms and work papers for this program must be kept on file for 5 years.
- d. The TRICARE Management Activity (TMA) concurs with this recommendation. Currently, TMA Resource Management Directorate tracks TMA-wide systemic issues and the Services are required to track their respective MTF level issues and discrepancies that surface from the monthly Review List and Data Quality Commander's Statement submissions. These issues are discussed and documented at the Monthly TMA Data Quality meetings and TMA-wide issues are briefed to the Resource Management Steering Committee (monthly) and Deputy Surgeons General (quarterly).
- e. The TRICARE Management Activity (TMA) concurs with this recommendation. Current metrics being utilized by TMA to measure compliance are based on the Data Quality Commander's Statement with 95-100 (GREEN), 80-94 (YELLOW), and less than 80 (RED). These metrics have been utilized in briefings to the RMSC, DSGs, and TMA Executive Director and have been the nucleus for change in the areas of MEPRS Reporting/Reconciliation and inpatient/outpatient coding initiatives. These metrics are now posted (at the MTF level of detail) monthly on the Data Quality Web Page, TMA-RM Web Page, and quarterly in TRICARE Operational Performance Statement (TOPS). The Data Quality Work Group is also looking at other validations of these metrics, audit/review work done by external organizations, and control tools used by other functional work groups, for example, the MEPRS (Medical Expense Performance Reporting System) Early Warning and Control System (MEWACS/Web Based).

**RECOMMENDATION 2:** We recommend that the TRICARE Management Activity comply with DoD Directive 5025.1, "DoD Directive System" and convert the policy memorandum of November 29, 2000, and all subsequent policy memorandum on the implementing of the data Quality Management Control Program into a DoD Instruction.

**DoD RESPONSE:** The TRICARE Management Activity (TMA) concurs with this recommendation. TMA submitted a DoDI for signature by Dr. William Winkenwerder, ASD (HA). This DoDI is currently undergoing coordination and includes all policy memos since inception of the Data Quality Management Control Program. Future memos concerning the program will be incorporated into the DoDI through a change to the existing DoDI on a periodic basis.

**RECOMMENDATION 3:** We recommend that the Surgeons General of the Military Departments:

- a. Monitor the compliance with, and execution of, the policies and procedures described in the November 29, 2000, policy memorandum, "Data Quality Management Control Program," issued by the Assistant Secretary of Defense (Health Affairs); and

- b. Provide specific training to program participants that ensure accountability.

**DoD RESPONSE:** The following is the TRICARE response to paragraphs a-b in Recommendation 3:

- a. The TRICARE Management Activity (TMA) concurs with this recommendation. As stated above in the subject report, the October 17, 2001 Data Quality Memorandum signed by Mr. Carrato outlined the changes in the Review List, Data Quality Commander's Statement, and program compliance which affect this line item. This memo was the result of interim input from the DoDIG from their visits to major medical centers in the three Services. Mr. Carrato outlined three major changes in the program to improve MTF compliance with the program. These were:
  - 1. Changes in the Review List and Data Quality Commander's Statement,
  - 2. Reporting MTF level performance to TMA,
  - 3. And inclusion of DQMC Program into Service Medical IG and /or Audit Agency compliance program.

These three items apply to both the Service and the MTF as you can see below in the response to Recommendation #4.

- b. The TRICARE Management Activity (TMA) concurs with this recommendation. The Services are currently sending personnel that are in "Data Quality" positions to the quarterly TMA Data Quality Class held in Arlington, Virginia. The section of this class devoted to the Data Quality Management Control Program has been increased from 45 minutes to 3 hours based on interim guidance from the DoDIG who was invited to attend an earlier class. The additional time added to the class is focused on the Data Quality Commander's Statement. The addition of the Service Desk Guides mentioned above in the response to Recommendation #1 (a) also improves the capabilities and skills of the personnel that are completing the Review List and Data Quality Commander's Statement. The Services are also sponsoring Data Quality Conferences to increase awareness and skill level of the personnel completing the various data quality documents. With the improvement in awareness and skill levels greater accountability will follow.

**RECOMMENDATION 4:** We recommend that the military treatment facilities comply with the policy memorandum guidance pertaining to the Data Quality Management Control Program by accurately completing the Data Quality Management Control Review List and the Data Quality Statement.

**DoD RESPONSE:** The TRICARE Management Activity (TMA) concurs with this recommendation. As stated above in the subject report, the October 17, 2001 Data Quality Memorandum signed by Mr. Carrato outlined the changes in the Review List, Data Quality Commander's Statement, and program compliance which affect this line item. This memo was the result of interim input from DoDIG visits to major medical centers in the three Services. Mr. Carrato outlined three major changes in the program to improve MTF compliance with the program. These were:

- a. Changes in the Review List and Data Quality Commander's Statement,
- b. Reporting MTF level performance to TMA,

c. And inclusion of DQMC Program into Service Medical IG and /or Audit Agency compliance program.  
It should be noted as well that there are many MTF success stories in this program.

**TECHNICAL CHANGES:** Page ii and 4. Results (Page ii) and Data Quality Management Control Program for the Military Health System (Page 4). "As a result, the data used to support the Military Retirement Health Benefit Liability estimate continues to be unreliable and the DoD will not be able to make sound management decisions." **Comment:** This statement is too extensive considering the scope of the audit conducted. **Recommend** that the sentence be modified by adding: "As a result, there are still concerns on the data used to support the Military Retirement Health Benefit Liability Estimate, which will impact DoDs decision-making."

Revised

## **Team Members**

The Financial and Accounting Directorate, Office of the Assistant Inspector General for Auditing of the Department of Defense prepared this report. Personnel of the Office of the Inspector General of the Department of Defense who contributed to the report are listed below.

Paul Granetto  
David Vincent  
Walter Loder  
Adrienne Brown  
Linh Truong  
Walter Gaich  
Sidney Simms